BRITISH COLUMBIA POWER CORPORATION LIMITED

ANNUAL REPORT

1935

PURVIS HALL
LIBRARIES
FEB 4 19[illegible]
McGILL UNIVERSITY

BRITISH COLUMBIA POWER CORPORATION
LIMITED

ANNUAL REPORT

For the year ended June 30th
1935

1935

BRITISH COLUMBIA POWER CORPORATION LIMITED

Officers

W. G. MURRIN	*President*
A. T. GOWARD	*Vice-President*
E. H. ADAMS	*Vice-President and Treasurer*
E. ROGERS	*Secretary*

Directors

E. H. ADAMS
HON. SIR F. S. BARNARD, K.C.M.G.
C. E. CALDER
JOHN DAVIDSON
S. GODIN, JR.
A. T. GOWARD
J. H. GUNDY
ANDREW P. HOLT
SIR HERBERT HOLT
GEORGE KIDD
W. G. MURRIN
A. J. NESBITT
AUSTIN C. TAYLOR
P. A. THOMSON
J. B. WOODYATT

THE ROYAL BANK OF CANADA	*Bankers*
ROYAL TRUST COMPANY	*Registrar*
MONTREAL TRUST COMPANY	*Transfer Agent*
PRICE, WATERHOUSE & CO.	*Auditors*

Head Office of the Corporation

B. C. ELECTRIC BUILDING

Vancouver, B. C., Canada

FACTS ABOUT YOUR CORPORATION AND ITS SUBSIDIARIES

(As at June 30, 1935)

1. It serves a territory of over 1,500 square miles;
2. It renders service to a population of over 385,000, embracing 28 different communities;
3. It has 9 hydro-electric plants and 3 steam plants;
4. It has 77 substations and transformer stations;
5. It has 654 miles of high-tension transmission lines;
6. It has 2,347 miles of distribution pole lines;
7. It has 40 city street car and bus routes;
8. It has 4 interurban lines;
9. It employs 3,500 people;
10. It paid out in wages and salaries during the year more than $4,900,000;
11. It operates 192 miles of street car lines;
12. It operates 156 miles of interurban lines, a total of 348 miles;
13. It operates 419 city and interurban passenger cars;
14. It operates 12 electric locomotives;
15. It operates 425 express freight and service cars;
16. It operates 55 motor buses and 16 motor freight trucks;
17. It operates 340 miles of motor bus and 107 miles of motor freight service;
18. It operated 16,255,615 passenger car and bus miles during the year;
19. The power generated by its power plants during the year totalled 472,367,618 K.W.H.;
20. It operates 11 stores for the sale of electric and gas appliances;
21. It has 3 gas plants, with a total daily capacity of 12,500,000 cubic feet.

BRITISH COLUMBIA POWER CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Vancouver, September 10, 1935.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of the British Columbia Power Corporation, Limited, will be held in the Auditorium of the B. C. Electric Building, 602 Granville Street, Vancouver, B. C., on Thursday, the 26th day of September, 1935, at the hour of 11.30 o'clock a.m.

(1) To receive the Annual Report of the Directors;

(2) To receive the audited Balance Sheet made up to June 30, 1935, and Statement of Income and Expenditure for the financial period ending on that date;

(3) To elect Directors for the ensuing year;

(4) To appoint Auditors for the ensuing year; and

(5) For the transaction of such other business as may legally come before the meeting.

By Order of the Board of Directors,

ERNEST ROGERS,
Secretary.

BRITISH COLUMBIA POWER CORPORATION LIMITED

Owns and controls the following companies:

British Columbia Electric Railway Company, Limited.

British Columbia Electric Power & Gas Company, Limited.

Vancouver Power Company, Limited.

Western Power Company of Canada, Limited.

Bridge River Power Company, Limited.

Burrard Power Company, Limited.

Vancouver Island Power Company, Limited.

National Utilities Corporation, Limited.

Vancouver, Fraser Valley & Southern Railway Company.

Columbia Estate Company, Limited.

British Columbia Rapid Transit Company, Limited.

Victoria Electric Company, Limited.

Victoria Gas Company, Limited.

ANNUAL REPORT

of the Directors of

BRITISH COLUMBIA POWER CORPORATION LIMITED

Submitted at the Seventh Annual Meeting of the Shareholders held on Thursday, 26th September, 1935.

To the Shareholders:

Your Directors beg to submit the following Report and Financial Statements covering the operations of your Company and its Subsidiaries for the year ended 30th June, 1935.

INCOME AND EXPENSE STATEMENT

Gross Revenue		$13,030,091.05
Expenses:		
Operating Expenses	$5,560,464.89	
Income and Property Taxes	1,434,828.77	
Depreciation and Renewals Reserve	1,844,219.40	
		8,839,513.06
Net Revenue		$ 4,190,577.99
Deduct—		
Bond Interest, proportion of Bond Discount written off, Cost of Exchange, and Preference Dividends		2,505,504.34
		$ 1,685,073.65
Dividends on Class A Shares for the year		1,500,000.00
Surplus for the year		$ 185,073.65

REVENUE

It is gratifying to record an increase in the revenue of all branches of the business over last year. The consolidated income for the current year from all departments was $13,030,091, compared with $12,626,674, an increase of $403,417 over last year. During the year 2,724 additional electric consumers were added, and the commercial motor load was increased by 5,212 h.p. The gross sales of merchandise, consisting of ranges, refrigerators, washing machines, etc., amounted to $724,300, compared with $594,600 last year.

EXPENSES

Due to the partial restoration of wages and salaries, and also to the damage to tracks, lines and poles in the Fraser Valley, resulting from the heavy snow storm and consequent flooding of a large area, the expenses of maintenance and operation show an increase over last year of $173,947.

The provision for taxes shows an increase over last year of $237,075, largely owing to changes in the rules governing the assessment of Federal income tax, and to the higher rate of tax introduced in the last budget, and to the fact that this additional rate is made retroactive to the year 1934.

There is therefore an increase in the expenses of operation, maintenance and taxes of $411,022.

PLANT ADDITIONS AND BETTERMENTS

The net capital expenditures for the year amounted to $460,173, of which the following were the principal items:

General extension of power transmission and distribution system, to provide facilities for additional customers, $362,432. Included in this figure is the extension of our transmission line on Vancouver Island to supply power in bulk to the Nanaimo-Duncan Utilities Company for their power requirements in the area served by that Company. Other expenditures involved the purchase of city and suburban buses to replace retired equipment and provide additional facilities.

The extension of the transmission line into the Bridge River area was completed during the year, and with additions to our gas distribution system in the areas served the major items of plant extension have been referred to.

Fraser Valley Storm—The severe sleet storm and subsequent flooding which occurred in the Fraser Valley in January this year caused a substantial amount of damage to tracks and power lines in this district. The plant involved has been fully restored.

GENERAL OPERATIONS

Light and Power System—As a result of increased industrial activity, and the sale of current consuming appliances through our Merchandise Department, there is an increase in the K.W.H. output to the Light and Power Department as follows:

	K.W.H. Output	Meter Installations	Motor Load in H.P.
1935	341,489,485	126,092	168,590
1934	324,155,963	123,368	163,378

The plant and transmission line to serve the mines and residents in the Bridge River area were brought into service in July, 1934, and while there has been a decline in mining activity in this district during the year the gross revenue earned during the period was $43,644.00.

Gas System—The quantity of gas sold compares with last year as follows:

	Cubic Feet
1935	1,189,719,000
1934	1,125,268,000

With the coming into operation of the new gas plant it was decided to make reductions in the rates charged for gas heating, and to introduce combination rates for heating and cooking. It is expected that this will enable the Company to meet the increasing competition of other fuels, such as oil and sawdust, which have invaded the domestic field for both heating and cooking.

While the revenue from the sale of gas shows an increase over last year these reductions in rates have affected the return from gas sales by an average of nearly seven cents per thousand cubic feet sold.

Railway System—The passengers carried and freight tonnage hauled were as follows:

	Passengers Carried	Freight Tonnage
1935	64,455,164	215,119
1934	62,866,184	198,618

The increase of 1,589,000 in the number of passengers carried indicates the slow but gradual improvement which is taking place in all districts. Compared with 77,694,731 passengers carried in 1929, however, it will be seen that there is room for considerable improvement.

Under the agreement with the City of Vancouver, whereby the fares to be charged on our street railway system were due for discussion in May, 1935, it was mutually agreed that the present scale of fares should be continued until May 7, 1936.

The improvement in the results of the freight department is largely due to the temporary removal of restrictions governing the shipment of Canadian wood products, particularly shingles, into the United States; the shortage of such products being brought about by labor strikes in the lumber mills of Oregon and Washington.

The apparent legal failure of the National Recovery Act of the United States, under which the imports of Canadian wood products into that country were severely restricted, may in the future result in a larger movement of these products than we have enjoyed in the past few years.

TAXATION

The provision for Federal, Provincial and Municipal taxes in this year's accounts is $1,434,829.00, an increase over last year of $237,075.00.

After the expenses of operation and maintenance and provision for depreciation the taxes payable by the Company absorb over twenty-five per cent of the net revenue before providing for bond interest and fixed dividend payments.

The tax burden continues to be increasingly onerous, and has in a large measure offset the recovery resulting from increased revenues.

FORM OF ACCOUNTS

The Company is governed by the provisions of the Dominion Companies Act, which was recently amended. The form of accounts submitted herewith conforms to the requirements of this Act, except as regards Property Account, which is shown as in previous years' accounts.

The services of the Stone & Webster Engineering Corporation, New York, internationally known engineers and appraisers, have been engaged to make a complete inventory and appraisal of all the plant and properties, including the property of all subsidiaries. The work of appraisal is now in progress and will be completed early in 1936.

GENERAL

From a gross revenue standpoint the results would indicate that a gradual recovery in business in local areas is taking place. While local business has been affected by labor troubles, there are signs of renewed business activity in certain directions.

The permits for building construction show a considerable increase over last year, which will tend to create more local employment.

The Company's payroll has increased over last year, both as to the number of employees and the total amount of wages paid. The relationship with employees has been maintained on a satisfactory basis, and the Directors desire to record their appreciation of the loyalty and efficiency of the staff in all departments.

It is with extreme regret that the Directors record the death during the past year of Mr. J. I. Newell, Vice-President and Plant Manager, who had rendered valuable service to the Company for many years.

DIRECTORS

To fill vacancies on the Board caused by the retirement of Rt. Hon. Viscount Rothermere and the death of Mr. W. J. Blake Wilson, Mr. Austin C. Taylor and Mr. E. H. Adams were elected Directors.

AUDIT OF ACCOUNTS

The Balance Sheet and Accounts have been certified by Messrs. Price, Waterhouse & Co., Chartered Accountants.

Respectfully submitted on behalf of the Board,

President.

Consolidated Balance Shee

ASSETS

Current and Working Assets:		
Cash at Bank and at Call	$ 1,195,784.73	
Accounts Receivable	1,466,321.06	
Insurance Unexpired and Prepaid Items	162,347.16	
Employees' Housing Loans, Mortgages, etc.	354,243.66	
Stores, Materials and Supplies on hand as determined and certified by responsible officials of the Companies, valued at average cost	1,560,107.69	
		$ 4,738,804.30
Investments at Book Values:		
(Market Value, June 30th, 1935, $2,775,931.18), viz.:		
Government Bonds	$ 1,576,947.32	
Corporation's Own Bonds purchased in anticipation of Sinking Fund requirements	554,483.75	
Corporation's shares purchased by Subsidiaries for re-sale to customers and employees	812,234.00	
Sundry Investments	28,604.25	
		2,972,269.32
		$ 7,711,073.62
Bond Discount—Balance		306,206.00
Property Account:		
Balance at June 30th, 1934, and cost of additions during the year	$138,813,801.04	
Less Provision for Depreciation and Renewals	25,077,932.86	
		113,735,868.18
		$121,753,147.80

Approved on behalf of the Board:

Director.

Director.

CORPORATION LIMITED

SIDIARIES

as at June 30, 1935

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:		
Accounts Payable	$ 1,182,431.40	
Reserve for Income and Other Taxes	868,008.02	
Debenture and Bond Interest Accrued	497,823.71	
Dividends Declared, since paid	619,600.00	
		$ 3,167,863.13
BOND DEBT (as per statement attached)		38,707,518.15
CAPITAL STOCKS OF SUBSIDIARY COMPANIES HELD BY PUBLIC:		
British Columbia Electric Railway Co. Ltd.—		
5% Cumulative Perpetual Preference Stock	$ 6,984,000.00	
British Columbia Electric Power & Gas Co. Ltd.—		
6% Cumulative Preference Shares	5,000,000.00	
The Company has the right to redeem these 6% Preference Shares with a premium of 5%, subject to the sanction of the Supreme Court of British Columbia.		
Minority Shareholders of Subsidiary Companies	3,446.25	
		11,987,446.25
RESERVES:		
General and Accident		1,304,790.84
CAPITAL:		
Authorized—		
1,500,000 Class A Shares without nominal or par value entitled to non-cumulative preferential dividends aggregating $2.00 per share and equal participation with Class B Shares up to a further $3.00 per share, redeemable at any time on resolution of Directors at $100.00 per share.		
1,500,000 Class B Shares without nominal or par value.		
Issued—		
1,000,000 Class A Shares and 1,000,000 Class B Shares issued for a total cash consideration of	$ 59,250,000.00	
CAPITAL SURPLUS:		
Surpluses of Subsidiary Companies as at May 19th, 1928, the date of the acquisition of their Capital Stocks by the Corporation	6,115,764.59	
EARNED SURPLUS:		
As per statement attached	1,219,764.84	
		66,585,529.43
		$121,753,147.80

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Books and Accounts of the British Columbia Power Corporation Limited, and its Subsidiary Companies for the year ending June 30th, 1935, and have obtained all the information and explanations which we have required. For the reason stated in the Directors' report certain information in regard to the property accounts, as required by Section 112 of the Dominion Companies Act 1934, and particularly subsections 2 (F), 3 (B) and 3 (C) thereof, is not given on the Balance Sheet, and on this basis we report that, in our opinion, the above Consolidated Balance Sheet at June 30th, 1935, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

VANCOUVER, B. C.,
August 15th, 1935.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BRITISH COLUMBIA POWER CORPORATION LIMITED

AND SUBSIDIARIES

Consolidated Statement of Profit and Loss and Earned Surplus Account for the Year Ended June 30, 1935

Gross Revenue from Operations	$12,911,869.69	
Income from Investments	118,221.36	
		$13,030,091.05
Deduct—		
Operating Expenses, including Municipal Taxes	$ 6,212,823.65	
Directors' Fees	18,090.00	
Provision for Depreciation and Renewals	1,844,219.40	
Provision for Income Taxes	764,380.01	
		8,839,513.06
		$ 4,190,577.99
Deduct—		
Interest on Bond Debt	$ 1,833,223.73	
Proportion of Bond Discount written off	12,414.00	
Cost of Exchange	10,666.61	
		1,856,304.34
Net Profit for the year		$ 2,334,273.65
Deduct—		
Dividends on Preference Stocks of Subsidiary Companies—		
5% Cumulative Perpetual Preference Stock	$ 349,200.00	
6% Cumulative Preference Shares	300,000.00	
		649,200.00
		$ 1,685,073.65
Deduct—		
Dividends on Class A Shares for the year ended June 30th, 1935		1,500,000.00
		$ 185,073.65
Add—		
Earned Surplus—Balance at June 30th, 1934		1,034,691.19
Earned Surplus—Balance at June 30th, 1935		$ 1,219,764.84

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

Bond Debt as at June 30, 1935

BRITISH COLUMBIA POWER CORPORATION LTD.:		
5½% First Refunding and Collateral Trust Sinking Fund Gold Bonds, Series "A," maturing March 1st, 1960—		
Authorized and Issued	$10,000,000.00	
Less—Redeemed	64,000.00	
		$ 9,936,000.00
5% First Refunding and Collateral Trust Sinking Fund Gold Bonds, Series "B," maturing March 1st, 1960—		
Authorized and Issued	$ 4,000,000.00	
Less—Redeemed	27,000.00	
		3,973,000.00
		$13,909,000.00
BRITISH COLUMBIA ELECTRIC RAILWAY CO. LTD.:		
4¼% Perpetual Consolidated Debenture Stock	£2,788,170 0 0	
	@ $4.85	13,522,624.50
VANCOUVER POWER COMPANY LTD.:		
4¼% Perpetual Guaranteed Debenture Stock— Authorized £1,917,350, of which issued	£1,500,000 0 0	
	@ $4.85	7,275,000.00
WESTERN POWER COMPANY OF CANADA, LTD.:		
First Mortgage 5% Sinking Fund Gold Bonds, maturing July 1st, 1949—		
Authorized and Issued	$ 5,000,000.00	
Less—		
Redeemed $769,233.24		
Held by British Columbia Electric Railway Co. Ltd. 229,873.11		
	999,106.35	
		4,000,893.65
As per Consolidated Balance Sheet		$38,707,518.15

PRINTED IN CANADA